

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

IGA-01 FBO-02 A-01 OMB-01 EB-07 TRSE-00 OPR-02 /075 W

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P R 120350Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 4750

INFO AMEMBASSY BANGKOK

AMCONSUL UDORN

DEPCHJUSMAGTHAI/USDAO/UDORN

17TH AD DET 1 UDORN

17TH AD DET 1 OL1B NKP

13TH AF CC CLARK AFB

CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 VIENTIANE 4786

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, LA, US

SUBJ: OCCUPIED COMPOUNDS: MEETINGS WITH SOUBANH AND PRIME MINISTER

REF: VIENTIANE 4735

SUMMARY: SOUBANH, FOREIGN MINISTER'S CHEF DE CABINET, SUMMONED CHARGE MORNING JULY 11 TO DISCUSS SITUATION AT OUR COMPOUNDS AND OUR REACTION TO MINISTRY'S NOTE OF JULY 4. (THIS MEETING PROBABLY RESULTED FROM PRIME MINISTER'S INTERVENTION.) DISCUSSION IN MANY WAYS HAD BEEN PREFIGURED BY EARLIER CONVERSATION WITH SOUBANH'S ASSISTANT (REFTEL), BUT TONE THIS TIME WAS RATHER HARSH AND ON SOME POINTS -- PARTICULARLY THOSE HAVING TO DO WITH RESIDUE OF USAID AND OTHER PROPERTY STILL ON USAID PREMISES -- SEEMINGLY UNCOMPROMISING. THERE WAS NO CLEAR MOVMENT ON ANY ISSUE: SOUBANH IS  
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TO CONSULT WITH PROTESTORS AND "SUPERIORS"

AND WE ARE ASKED TO REFLECT ON PGNU PRO-  
POSAL TO BUY GSO AND SILVER CITY COMPOUNDS, APPARENTLY  
AT 1961 PRICES. AT SOUVANNA'S INVITATION CHARGE LATER SAW PRIMIN,  
WHO ASKED US TO BE PATIENT AND SAID HE HAD DIRECTED NEW  
FONMIN TO SETTLE PROBLEMS PROMPTLY WITHOUT WORRYING ABOUT  
DETAILS.  
END SUMMARY.

1. IN MID-MORNING CHARGE WAS ASKED TO CALL ON SOUBANH  
SRITHIRATH, FOREIGN MINISTER'S CHEF DE CABINET, AT 1100.  
HE WENT, ACCOMPANIED BY POL COUNSELOR. SOUBANH BEGAN  
BY ASKING FOR OUR REACTION TO MINISTRY'S JULY 4 NOTE,  
WHICH CHARGE GAVE IN SOME DETAIL. AT OUTSET HE NOTED  
THAT OF COURSE WE COULD NOT ACCEPT SUCH LANGUAGE AS  
"WAR OF AGGRESSION," USAID AS A "PARAMILITARY" ORGANI-  
ZATION, AND ALLEGED "ABUSE" BY US OF DIPLOMATIC PRIVILEGES  
AND IMMUNITIES. CHARGE WENT ON, HOWEVER, TO SAY THAT  
LEAVING ASIDE THE OBJECTIONABLE LANGUAGE, SOME OF THE  
PRINCIPAL POINTS IN THE NOTE REPRESENTED FEW PROBLEMS  
WHILE OTHERS WERE STILL OBSCURE TO US. WITH REGARD TO  
UAE (POINT 1), WHICH APPEARED TO BE A MAJOR ISSUE FOR  
PGNU, THERE SHOULD BE NO PROBLEM. WE WERE PREAPRED TO  
GIVE THE COMPANY THE MONTH'S NOTICE REQUIRED BY OUR  
CONTRACT, BUT WE WOULD NEED ALL OF THAT TIME TO REORGANIZE  
OUR ADMINISTRATIVE SERVICES TO COMPENSATE FOR UAE'S  
DEPARTURE. A DIRECT-HIRE AMERICAN EMPLOYEE WITH TECHNICAL  
COMPETENCE IN MAINTAINING GENERATORS, ETC., WOULD  
HAVE TO BE FOUND; WE WOULD HAVE TO DECIDE WHETHER TO  
RETAIN ANY OF THE LAO NOW WORKING FOR UAE OR FIND REPLACEMENTS  
FOR THEM; WE WOULD WANT AN ORDERLY TERMINATION  
BY UAE OF ITS LAO EMPLOYEES, ETC. NOTE'S POINT 2 WAS  
NO PROBLEM SINCE UAE HAD IMPORTED NOTHING ITSELF, AND  
NO EQUIPMENT FURNISHED TO UAE BY USAID WAS KEPT AT GSO  
COMPOUND. ALL MATERIALS BELONGED TO EMBASSY. NOTE'S  
POINT 3 WAS NOT ALTOGETHER CLEAR TO US: WHAT DID PGNU  
INTEND BY STATEMENT IT WANTED TO DISCUSS LAND BELONGING  
TO AMERICAN EMBASSY? FINAL NUMBERED POINT, ABOUT USIS,  
WAS ALREADY SETTLED EXCEPT FOR RETURN OF WAREHOUSE.  
OTHER MAIN POINT IN NOTE WAS REFERENCE TO OUR ADVISING  
PGNU OF THOSE PROPERTIES WE HOLD; THIS ON SURFACE PRE-  
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SENTED NO PROBLEM EITHER, BUT WE WOULD NEED TO KNOW  
WHAT SORT OF DETAIL OR DOCUMENTATION MFA WANTED.

2. SOUBANH THEN BEGAN ON GENERAL AND SPECIFIC RESPONSE.  
HIS FIRST COMMENT WAS THAT WE HAD NOT ADDRESSED MAIN  
ISSUE WHICH WAS TO RECOGNIZE PARA-MILITARY NATURE OF  
USAID, ITS CLOSE AFFILIATION WITH UAE AND UAE'S  
CONSEQUENT UNACCEPTABILITY. IN A FILE FOLDER IN FRONT

OF HIM (MARKED "CLOSURE OF USAID" ON COVER) HE HAD THE ORIGINAL OF CHARGE'S JULY 10 LETTER TO PRIME MINISTER (VIENTIANE 4776) AND A COLLECTION OF DOCUMENTS OBVIOUSLY LIFTED FROM USAID AND UAE FILES. MOST SIGNIFICANT OF THESE, HE SEEMED TO THINK, WAS A LETTER DATED 25 FEB 75 FROM UAE MANAGER HUDGINS TO "CONTRACTING OFFICER, USAID/LAOS," WHICH OBVIOUSLY WAS UAE PROPOSAL IN RESPONSE TO USAID INVITATION TO BID IN A "HOUSEKEEPING" CONTRACT SIMILAR TO ONE UAE HAS HAD WITH EMBASSY SINCE LATE 1973. SOUBANH ALLEGED THIS "PROVED" UAE'S INVOLVEMENT WITH USAID. (WE REMINDED HIM THAT WE OURSELVES HAD TOLD MFA THAT UAE HAD HELD GENERATOR CONTRACT WITH USAID SINCE 1968 OR 1969 AND HAD NEVER TRIED TO HIDE THAT FACT.) THERE WAS FURTHER BACK AND FORTH ON UAE TO NO REAL END; SOUBANH DID NOT SEEM TO FOCUS ON OUR QUALIFIED STATEMENT OF WILLINGNESS TO TERMINATE UAE CONTRACT BUT RATHER APPEARED TO WANT TO EMPHASIZE HIS OWN POINT. HE DID NOT ACCEPT ASSURANCE THAT MATERIALS SUPPLIED TO UAE BELONGED TO EMBASSY AND THAT THIS COULD BE PROVED FROM RECORDS IN GSO COMPOUND.

3. TURNING TO EMBASSY PROPERTIES, SOUBANH SAID PGNU WANTED TO BUY -- NOT EXPROPRIATE -- THE GSO AND SILVER CITY COMPOUNDS, RECOGNIZING EMBASSY'S OWNERSHIP OF THEM. WE INDICATED THAT THIS WAS A NEW DEMAND ABOUT WHICH WE WOULD HAVE TO THINK. THE MATTER WAS NOT DISCUSSED MUCH FURTHER, BUT HE SEEMED TO CONTEMPLATE PGNU'S PAYING US SAME AMOUNT WE HAD PAID FOR LAND CIRCA 1961.

4. ON USIS, SOUBANH HAD RELATIVELY LITTLE TO SAY BUT DID WANT TO KNOW WHAT PROPERTIES USIS OWNED OR RENTED AND WHAT ITS PROGRAM COMPRISED. CHARGE ANSWERED THESE POINTS BRIEFLY. SOUBANH SPOKE OF THE NEED FOR USIS  
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TO CONSOLIDATE ITS OPERATIONS. AT FIRST HE SEEMED TO IMPLY USIS SHOULD MOVE IT LIBRARY FROM LANE XANG BLVD TO CHANCERY, BUT IT FINALLY CAME OUT HE HAD WAREHOUSE MORE IN MIND. WE SAID THAT GIVEN REDUCED SIZE OF MISSION, THERE WOULD IN ANY EVENT BE CONSIDERABLE CONSOLIDATION OF ALL OPERATIONS. BUT WE WANTED TIME TO DO SO IN AN ORDERLY WAY.

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

IGA-01 FBO-02 A-01 OMB-01 EB-07 TRSE-00 OPR-02 /075 W

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P R 120345Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 4751

INFO AMEMBASSY BANGKOK

AMCONSUL UDORN

DEPCHJUSMAGTHAI/USDAO/UDORN

17TH AD DET 1 UDORN

17TH AD DET 1 OL1B NKP

13TH AF CC CLARK AFB

CINCPAC

C O N F I D E N T I A L SECTION 2 OF 2 VIENTIANE 4786

5. CHARGE GAVE OUR REACTIONS TO SOUBANH'S POSITIONS, ESSENTIALLY REPEATING POINTS OUTLINED PARA 1, ABOVE. HE THEN MOVED ON TO UNRESOLVED QUESTION OF NON-USAID PROPERTIES AT NA HAI DIAO COMPOUND, KM 6 AND KM 9 -- THE FAMILIAR LIST OF PRIVATELY OWNED VEHICLES, HOUSEHOLD EFFECTS, COMMISSARY STOCK, EMBASSY FORKLIFT, DAO FURNITURE, COPYING MACHINES AND GAS CYLINDERS LEASED FROM THAI COMPANIES, ETC. HE RECOUNTED HISTORY OF OUR BEING BOUNCED BACK AND FORTH BETWEEN MINISTRY OF ECONOMY & PLAN AND MFA -- MINISTER SOTH AND HIS CHEF DE CABINET KHAM SING, CHAIRMAN OF PGNU "COMMITTEE TO RECEIVE USAID PROPERTY" WHICH WAS NOW SUPPOSEDLY DISSOLVED. SOUBANH REMAINED LARGELY UNMOVED BY THIS RECITAL AND DID NOT DIRECTLY EXPRESS WILLINGNESS TO ASSUME ANY RESPONSIBILITY ON BEHALF OF MFA; HE KEPT HARKING BACK TO OUR "TRANSFER" (IN OUR VIEW, ABANDONMENT WITH RIGHTS RESERVED) TO PGNU OF EVERYTHING IN ALL USAID COMPOUNDS, AND AT ONE POINT HAD GALL TO ALLEGE THAT "LAO PEOPLE WOULD NOT UNDERSTAND" IF ANYTHING AT NA HAI DIAO WERE NOW TO REVERT TO U.S.

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EVEN POV'S? HE AVOIDED A DIRECT ANSWER.

6. CHARGE REVERTED SEVERAL TIMES TO QUESTION OF COMPOUNDS AND OUR INABILITY TO FUNCTION ON NORMAL BASIS. WHEN COULD WE GET BACK IN? SOUBANH SAID HE WOULD DISCUSS THIS WITH PROTESTORS AND LET US KNOW. HE WOULD ALSO HAVE TO CONSULT HIS "SUPERIORS" (NOT IDENTIFIED). MEANWHILE, HE ASKED US TO "REFLECT" ON HIS OBSERVATIONS. THE ONLY ONE THAT REQUIRES MUCH REFLECTION, IN OUR VIEW, IS THE QUESTION OF LETTING PGNU "REPURCHASE" GSO AND SILVER CITY (LAND FOR WHICH WAS IN FACT ASSEMBLED IN ONE MAJOR PURCHASE AND SEVERAL MINOR ONES FROM VARIOUSE PRIVATE OWNERS YEARS AGO).

7. COMMENT: FOREGOING DOES NOT CONVEY TONE OF CONVERSATION. SOUBANH WAS GENERALLY COOL BUT VERY TOUGH THROUGHOUT. HE SEEMED TO RESENT CHARGE'S LETTER TO PRIME MINISTER AND IMPLIED THAT WE SHOULD NOT HAVE GONE BEHIND MFA'S BACK. CHARGE MET THIS POINT BY RECALLING FONMIN PHOUMI'S REFUSAL TO MEET WITH HIM LAST WEEK; UNWILLINGNESS OF SECSTATE KITHONG AND SECGEN NAKKHALA TO TOUCH THE COMPLEX OF PROBLEMS; SOUBANH'S OWN ABSENCE ALL WEEK; AND OUR ONLY SUBSTANTIVE CONVERSATION OF THE WEEK, WITH HIS ASSISTANT SOUKTHAVONE (REFTEL). ON SEVERAL OCCASIONS SOUBANH BEGAN TALKING PIOUSLY ABOUT GOOD FAITH AND NEED ON OUR PART TO MAKE ACTIONS MATCH WORDS. WE MADE POINT MORE THAN ONCE THAT IT WAS PGNU'S WORDS WHICH WERE NOT MATCHED BY ACTION. CONVERSATION WAS THUS ON THE WHOLE RATHER UNPLEASANT, AND IN ADDITION: SOUBANH DID NOT ACTUALLY SAY MUCH -- EXCEPT FOR RATHER PREPOSTEROUS ALLEGATION ABOUT UAE, WHICH MAY YET REFLECT GENUINE MISUNDERSTANDING AS WELL AS MALICE -- THAT WE HAD NOT ALREADY HEARD FROM SOUKTHAVONE. END COMMENT.

8. LATER IN DAY CHARGE CALLED ON PRIME MINISTER SOUVANNA PHOUMA AT LATTER'S INVITATION. SOUVANNA WAS NOT FEELING WELL AND MEETING WAS BRIEF, BUT HE SAID THAT AFTER RECEIVING CHARGE'S LETTER HE HAD SUMMONED NEW FOREIGN MINISTER KHOUNE SIPRASEUTH THAT MORNING AND TOLD HIM TO SETTLE THE PROBLEMS WITH THE AMERICANS RIGHT AWAY, AND WITHOUT GOING INTO UNNECESSARY DETAIL. (WE CONFIDENTIAL

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Review Comment:** n/a  
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**TAGS:** PFOR, LA, US, (SOUBANH SRITHIRATH), (SOUVANNA PHOUMI)  
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